Review of increase in interest rate for housing loans

†3980 SHRIMATI MAYA SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has reviewed the increase in interest rate for housing loans and loans disbursed in other sectors and whether Government are considering to issue fresh guidelines to the banks; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) As per extant guidelines of Reserve Bank of India, the commercial banks are free to determine the lending rate of interest taking into account the cost of funds and risk element involved. However, the interest rate on loans by commercial banks upto Rs. 2 lakh should not exceed the Benchmark Prime Lending Rate (BPLR).

Full capital account convertibility

3981. SHRI SITARAM YECHURY: Will the Minister of FINANCE be pleased to state:

(a) whether a committee has been set up by RBI to prepare a road map for full capital account convertibility;

(b) if so, what are the terms of reference and deadline to submit the report;

(c) what are the reasons for not implementing the Tarapore Committee Report, 1997 recommendations; and

(d) whether it is a fact that the eminent economists Jagdish Bhagawati argued that India and China escaped the Asian financial crisis only because they did not have the capital account convertibility?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The Reserve Bank of India (RBI) has constituted a committee under the chairmanship of Shri S.S. Tarapore for setting out a roadmap for moving towards fuller capital account convertibility. The terms of reference of the Committee are:

† Original notice of the question was received in Hindi.